

Relative Low Income

Note summarising available data Jan 2015



Statistics Unit: www.gov.je/statistics

Introduction

The Statistics Unit produce a range of official statistics around the topic of income and more specifically 'relative low income' (sometimes termed 'poverty') which can enable comparison with other jurisdictions, across time periods, within geographical areas and across particular demographic groups. This summary note brings together the most recent findings from the various sources (for further information on the data sources, see bibliography).

Household Income

In 2009/10, after paying for housing costs:

- More than a fifth (21%) of households in Jersey were living in relative low income, with household income of less than £16,300 per year after housing costs.
- Nearly a quarter (22%) of children (0-15 yrs) were living in households in relative low income.
- More than a quarter (27%) of pensioners (>64 yrs) were living in households in relative low income; this proportion is significantly greater than that in the UK (a sixth, 16%).
- Housing costs particularly affected non-residentially qualified households whereby 8% were in relative low income before housing costs, rising to a quarter (25%) once housing costs were taken into account.
- The median income of households in Jersey in 2009/10 was £667 per week (£34,700 per annum) before housing costs are taken into account, reducing to £522 per week (£27,100 p.a.) after housing costs. *That is, half of households in Jersey had a household income below £34,700.* It is worth noting that household size was on average 2.3 persons, and this income value refers to all earned and unearned income by all household members.

The above percentages correspond to the following estimated numbers living in relative low income ('poverty') in Jersey in 2013:

- 9,000 households
- 3,700 children (aged 0-15 years)
- 4,400 pensioners (aged 65+)
- more than 10,000 adults of working age.

Coping financially

In 2014:

- One in four households (25%) in Jersey reported finding it either 'quite' or 'very' difficult to cope financially, a proportion unchanged from 2010.
- One in eight (13%) reported having difficulty keeping their home adequately warm due to financial reasons; an additional 18% said they sometimes found it difficult to do so.
- Around one in twenty households reported going without a cooked main meal each day due to a shortage of money over the previous 12 months, and the same proportion said they *sometimes* went without.

Proportions who reported finding it 'quite' or 'very' difficult to cope financially:

- almost two-fifths (38%) of households with dependent children (aged 0-15yrs);
- one in ten (10%) of households with at least one pensioner (aged >64 yrs);
- over half (53%) of households living in States/Parish accommodation;
- a third of households living in private rental accommodation (34%) and non-qualified accommodation (32%).

Housing affordability

In 2013:

Mortgages:

- Almost half of all working households could not service a mortgage affordably on the purchase of a property at the lower quartile price, a greater proportion than in 2011 and 2012.
- A third of young working households in Jersey could not afford to service a mortgage on a lower priced starter home in 2013; this proportion was higher than in 2011 and 2012.
- More than two (2.2) full time employees earning the (mean) average wage would be required to purchase a median priced dwelling (as context, the Jersey Census 2011 showed there are 1.7 workers, full or part time, on average in each working household).

Rent

More than half of lower income households (in the lowest 40% of the income distribution) living in private rental or non-qualified rental accommodation could be considered as being in 'housing stress' (spending more than 30% of their gross income on housing costs).

Average earnings

In June 2014:

- The (mean) average (full-time equivalent) wage for employees in Jersey in June 2014 was £34,800 per annum.
- The (median) average (full-time equivalent) wage for employees in Jersey was estimated at £28,600 p.a. - that is half of employees in Jersey earned less than this amount.
- On average, wages increased by 4.5% annually since 1990; during the most recent 5-year period they increased at an average annual rate of 2.1% per annum.
- Those working in Finance had the highest average full-time equivalent earnings at £940 per week (equivalent to £48,900 per annum, not including overtime or bonuses); in contrast, those working in Agriculture and Wholesale and retail earned on average approximately half this amount at £480 and £470 per week respectively. The average full-time equivalent wage for those working in Hotels, restaurants and bars was lower still at £380 per week.

Low earnings

In June 2013:

Low-paid staff

- 5,200 workers, corresponding to 10% of the workforce, were earning less than £6.85 per hour;
- Approximately two-thirds of those workers earning less than £6.85 per hour were on permanent contracts.

Minimum wage staff

- Around 3,000 workers earned the minimum wage (around 6% of workforce).
- The Hotels restaurants and bars sector employed the greatest number of minimum wage staff, followed by Other business activities and Agriculture.

Jersey-UK context

In 2013:

- Median household income in Jersey (standardising for household sizes) was 64% higher in Jersey compared to the UK (before housing costs were taken into account), and 52% higher after housing costs.
- Excluding housing costs, health and education, price levels for consumer goods and services in Jersey were 9% higher than in the UK.
- The overall price level for consumer goods and services in Jersey, including housings costs, education and health, was estimated at a fifth (20%) greater than the UK average.
- The proportion of individuals living in relative low income in Jersey in 2009/10 was similar to the UK, although differences were noted in which particular demographic groups were affected most, with pensioners living alone and single parent households being particularly affected in Jersey.

By sub-parish level ('vingtaine')

- Jersey vingtaines indicated to be the most deprived, relative to Jersey in general, were found to be five of the seven St. Helier vingtaines, according to the Carstairs methodology.

Bibliography – Summary of data sources

For more information on methodology and detailed findings, please see the relevant full report at www.gov.je/statistics.

Household Income and Spending Survey - An interviewer-led survey of over 1,000 households in Jersey conducted every 5-6 years over the course of a year in order to ascertain a complete record of household income and spending. *The most recently available data is from 2009/10, with the 2014/15 survey results due to be available towards the end of 2015.*

Average Earnings Survey - *An annual survey in June, published in August of each year*, of businesses in Jersey to establish the (mean) average earnings of employees across all industries and within broad industry groups. Comparison can be made across time.

Housing Affordability report – *An annual report generally published in March*, which takes Jersey specific house purchase data, base rate and mortgage lender information and household income levels to describe the potential ability of households and individuals to purchase property, including how this ability varies across time, and additionally focussing on certain groups such as first time buyers and particular key workers.

Jersey Annual Social Survey - A set of questions was included in the 2010 and 2014 Jersey Annual Social Surveys, a self-completion questionnaire completed by over 1,600 individuals, focussing on individuals' opinions on how easy or difficult their household found it to cope financially, and including a small number of questions around whether the household suffers material deprivation as a result of their financial situation. From repeating the same question set, comparisons can be made across time. *This annual report is usually published in November/December of each year.*

Jersey – UK relative price levels for consumer goods and services - An analysis of thousands of retail prices collected in Jersey with those collected by the Office of National Statistics in the UK, to estimate the difference in price levels in the two jurisdictions. This information provides useful context when comparing income and wage differences between the UK and Jersey. *The exercise is planned to be carried out approximately every 5 years, most recent data is from 2013.*

Carstairs analysis – This methodology was developed by Carstairs and Morris (1991) as a means of identifying how deprivation might be spatially distributed within a geographical area at a particular point in time, as indicated by certain factors known to correlate with deprivation, such as proportion of households with no adult working, proportion of households with no car and so on. The Carstairs methodology has been applied for Jersey using census information from the 2011 Jersey Census, at vingtaine level. It provides information on which particular vingtaines have the highest (worst) values in terms of indicators of deprivation.